

[32] Naver and Daum Cases of Consent Decrees (resolved on March 12, 2014)

< Brief summary >

The KFTC decided to enforce consent decrees to "Naver" and "Daum" Communications, market-dominant portal service providers in Korea like Google leading the world online search market, and finalized enforceable consent decrees.

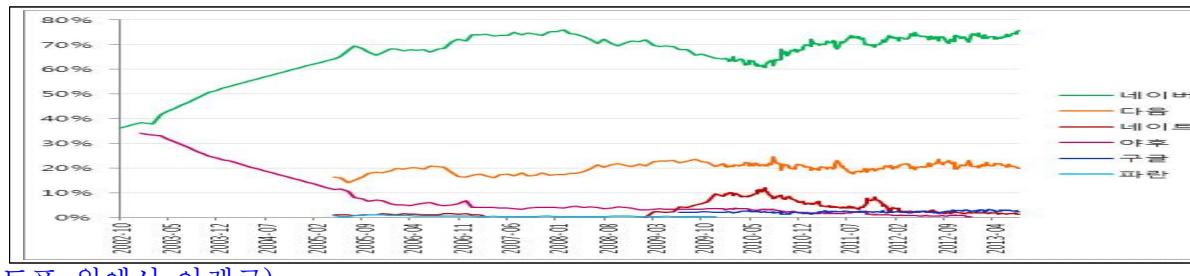
A. Progress of implementation of consent decrees

While the KFTC conducted inspections on the abuse of market-dominant positions of Naver and Daum Communications, Internet portal service providers, Naver applied for a consent decree in November 20, 2013, and Daum Communications in November 21, 2013. In December 27, 2013, proceedings for consent decrees commenced, and final consent decrees for deliberation and implementation were finally established on March 12, 2014 after undergoing proceedings of hearing comments thereon from interested parties for 40 days from January 2, 2014 until February 11, 2014.

B. Current conditions of domestic online search market

Since 1997 when services for search and e-mail through portal sites began, the domestic search market in Korea was led by Naver, Yahoo Korea, Daum, Nate, Google, etc. in 2000s. However, In 2003, Naver's share in the domestic search market began to exceed 50%, and in August 2013, Naver's market share of approximately 75% was ranked at the first place, and Daum's market share of approximately 20% at the second place. Since Yahoo's full withdrawal from the Korean market in December 2012, service providers, such Google and Nate, have provided search services in the domestic market, along with Naver and Daum.

<Current Market Shares of Domestic Search Service Providers>



(도표 위에서 아래로)

Naver / Daum / Nate / Yahoo / Google / Paran

C. Provisions of final consent decrees

A final enforceable consent decree comprises: (i) Provisions concerning corrective measures for the restoration of the competition system; and (ii) provisions concerning remedies for the improvement of users' welfare and assistance to related businesses for coexistence.

Firstly, the provisions concerning corrective measures mainly contain measures to eliminate the possibility of users' misunderstanding for the restoration of the competition system and abolish or remove any system or agreement that is likely to cause a problem.

Secondly, in addition to corrective measures, the consent decrees require to raise funds of 104 billion won to give actual benefits to consumers and medium and small businesses. Naver promised to implement projects of 100 billion won, such as the establishment of a separate corporation for public service, specialized in the mediation of disputes related to the Internet search industry, and the implementation of projects for direct support for coexistence, while Daum promised to implement projects of 4 billion won for support, such as the contribution of funds for relief of injuries and support of the online ecosystem.